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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

February 20, 2008

The Honorable John Nelson, Chair
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice Chair
Joint Legislative Audit Committee

Dear Representative Nelson and Senator Blendu:

Our Office has recently completed a 6-month followup of the Arizona Department of Transportation—Highway Maintenance regarding the implementation status of the 5 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in June 2007 (Auditor General Report No. 07-03). As the attached grid indicates:

- All 5 are in the process of being implemented.

Our Office will continue to follow up at 6-month intervals with the Department on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Melanie M. Chesney, Director
Performance Audit Division

MMC:Sjb
Attachment

cc: Victor Mendez, Director
Arizona Department of Transportation

**ARIZONA DEPARTMENT OF TRANSPORTATION
HIGHWAY MAINTENANCE
6-Month Follow-Up Report To
Auditor General Report No. 07-03**

FINDING 3: Division should improve method to determine maintenance needs and allocate maintenance dollars

Recommendation	Status of Implementing Recommendation	Additional Explanation
1. To better ensure that the state highway system's life expectancy, operational efficiency, appearance, and safety are maximized, the Division should:		
a. Develop and implement guidelines on how to identify annually needed maintenance work which would include frequency schedules, as appropriate, and periodic inspections to identify needed work;	Implementation in Process	ADOT identified 79 maintenance activities or inspections that may be done at frequencies of 1 year or less. ADOT reported that it will review activities to identify those with expected frequencies of more than 1 year. By late spring 2008, ADOT plans to prepare new work guidelines, including frequency standards, for the identified activities that can be scheduled on a frequency basis. ADOT also plans to use the Highway Pavement Management Application (HPMA) to help identify needed pavement maintenance.
b. Develop and implement guidelines on how to prioritize maintenance work to ensure that the most important state-wide maintenance needs are met first within available resources;	Implementation in Process	ADOT is in the process of updating their maintenance management computerized system (PE-COS IV), which it will use to record and prioritize statewide, district, and work crew activities. ADOT also plans to use condition ratings in their Level-of-Service Maintenance Budgeting System (LOS MBS) to identify priorities.

**ARIZONA DEPARTMENT OF TRANSPORTATION
HIGHWAY MAINTENANCE
6-Month Follow-Up Report To
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FINDING 3: Division should improve method to determine maintenance needs and allocate maintenance dollars (concl'd)

Recommendation	Status of Implementing Recommendation	Additional Explanation
c. Identify, quantify, and prioritize maintenance that needs to be done annually; and	Implementation in Process	ADOT reported that it will implement this recommendation using its pending PECOS IV application which is scheduled for completion in January 2009. ADOT also plans to use the LOS MBS to assist in prioritizing work based on statewide maintenance feature condition ratings.
d. Identify work that cannot be done with existing resources to identify any maintenance funding gap.	Implementation in Process	ADOT reported that it will use its PECOS IV application, scheduled for completion in January 2009, to track backlogged maintenance activities that are unfunded or were not done according to their frequency schedule, and their associated cost.
2. To ensure that state-wide maintenance needs are addressed, the Division should develop and implement a methodology to allocate monies to districts and regions based on state-wide needs and priorities, and each district's and region's relative needs and roadway responsibilities (for example, lane miles and traffic flow).	Implementation in Process	ADOT reported that it will use a module in its PECOS IV application, scheduled for completion in January 2009, to allocate all funds to districts and regions based on needs, priorities, and responsibilities. If this schedule is met, ADOT would first use it with the fiscal year 2010 budget. ADOT is also considering using the LOS MBS system to help allocate funds based on statewide maintenance feature condition ratings.